

A Note on Fees

Below are the plan administrative charges and fees applicable to the respective investment options:

Asset Fees

Fixed Contract Fund 3 account

The annual recordkeeping and administrative fee for this account is .35 percent. The credited interest rate reported on your quarterly statement is already adjusted for this annual fee.

Mutual fund accounts

Beginning one year after the date of your first deferral, there is an annual recordkeeping and administrative fee, based on the first \$250,000 of your total balance in all mutual funds. This fee is described below:

- .35 percent on the first \$25,000
- .30 percent on up to the next \$25,000
- .20 percent on up to the next \$50,000
- .10 percent on up to the next \$150,000
- no additional fee on amounts over \$250,000.

A portion of this fee is collected each month.

Total Balance	Fee Amount
\$250,000	Amounts over \$250,000 no additional fee
	Next \$150,000 - .10%
\$100,000	
	Next \$50,000 - .20%
\$50,000	
\$25,000	Next \$25,000 - .30%
	First \$25,000 - .35%

FIRST YEAR FREE!*

Participants enrolled on or after July 1, 2000 are not charged mutual fund recordkeeping and administrative fees until one year after the date of their first investment.

*Underlying fund management fees still apply.

Types of Investments

Stable Value Funds invest in contracts offered by banks, insurance companies and other financial institutions. The fund owns the underlying fixed income securities that support these contracts.

Bond Funds invest in a selection of bonds. A bond is a loan by investors to a private company or the government, that pays regular interest income over a specified period of time. The borrower repays the principal (the amount borrowed) at the end of that period. The return of a bond fund is a blend of the interest earned by each of the bonds held by the fund and any gain (or loss) from selling bonds before they mature.

Balanced Funds invest in a selection of both bonds and stocks. Stocks are shares of ownership in a company.

Stock (Equity) Funds invest in a selection of stocks issued by several different companies. The return of the fund comes from dividends, if any, the appreciation in the value of the shares held, and gains (or losses) from the sale of the stocks by the fund.

- Large capitalization stocks are stocks of companies whose capitalization (the total value of the company's outstanding common stock shares) is more than \$8.3 billion.
- Mid-cap stocks are issued by companies whose capitalization is between \$1.4 billion and \$8.3 billion.
- Small-cap stocks are issued by companies whose capitalization is less than \$1.4 billion.

Growth Funds invest in growing companies, whose stock is expected to rise in value.

Aggressive Growth Funds invest in small and/or medium-sized companies who have a high potential for growth.

Value Funds invest in companies whose stock appears to be low-priced compared to the underlying value of the company, often due to recent poor performance. If such companies experience renewed growth, their stock prices may increase significantly.

Blended Funds invest in a mixture of growth and value stocks.

Global Funds invest in a mixture of U.S. and non-U.S. securities.

Foreign Stock Funds invest in stocks that are only traded on non-U.S. stock markets.

Specialty/Sector Funds invest primarily in stocks of companies in a particular industry or a group of related technology industries (including socially responsible companies).

Moderate Allocation Funds invest 50% to 70% of their portfolios in stocks and the rest in bonds.

Index Funds are passively managed investments that are designed to match the performance of a particular market index.

Life Cycle Funds, also called lifestyle funds, life-strategy funds, target-date, or target-retirement funds. These funds adjust their asset mixes over time, growing more conservative as an investor nears retirement.

The Kentucky Public Employees' Deferred Compensation Authority - A Proud Member of Kentucky State Government

Spectrum of Investment Options

The Kentucky Public Employees' Deferred Compensation Authority offers two tax deferred supplemental retirement savings plans:

- Plan I, authorized by Section 457 of the U.S. Internal Revenue Code
- Plan II, authorized by Section 401(k) of the U.S. Internal Revenue Code

The available investment options, outlined here, have been selected by the Kentucky Public Employees' Deferred Compensation Authority Board of Trustees. Plan administration is performed by the Authority under the direction of the Board of Trustees. Plan communication and enrollment services are performed by Nationwide Retirement Solutions, Inc. (NRS) and Nationwide Investment Services Corporation (NISC), its affiliated NASD registered broker/dealer. Nationwide Retirement Solutions may be contacted at (502) 573.7925 or 1.800.542.2667.

About the Spectrum

This Spectrum of Investment Options provides you with a brief description of the investment choices available under both Plan I and Plan II. It illustrates the investment risk category and the investment objective for each of the offered funds. Before you select an investment option, you should obtain the applicable fund prospectus(es), which contain(s) more complete information about the fund(s), including charges and expenses. Please read the prospectuses carefully before investing any money.

Funds at the Conservative end of the Spectrum usually provide less risk to principal and possibly lower earnings potential. The funds at the Aggressive end of the Spectrum generally have a greater degree of risk of principal. However, over a longer investment period, they may also have potential for higher investment returns.

Deferred Compensation Plan Service Representatives are authorized and licensed to explain the Deferred Compensation Plans and the available investment options. However, they are not permitted to provide investment advice. If you need tax or investment advice, you should consult a tax or financial advisor.

To participate, or for more information, contact:

The Kentucky Public Employees' Deferred Compensation Authority
105 Sea Hero Road, Suite 1
Frankfort, Kentucky 40601-8862
(502) 573.7925
Outside Frankfort, call toll-free: 1.800.542.2667

Visit us on the Web at www.kentuckydcp.com

For more information on a fund or to obtain a prospectus, you may contact the Authority or call the funds directly. Their toll free numbers are on our web site, www.kentuckydcp.com.

Or you may contact:

American Century Funds . . .1.800.345.2021	Janus Funds1.800.525.8983
Brown Capital Funds1.800.809.3863	MFS Funds1.800.637.2929
Davis Funds1.800.279.0279	Neuberger Berman Funds .1.800.877.9700
Dreyfus Funds1.800.782.6620	One Group Fundal1.800.480.4111
Federated Funds1.800.341.7400	Putnam Funds1.800.225.1581
Fidelity Funds1.800.544.8888	Templeton Funds1.800.342.5236
Franklin Funds1.800.342.5236	T. Rowe Price Funds1.800.638.5660
Kaufmann Fund*1.800.245.4770	Vanguard Funds1.800.662.7447
Invesco Funds1.800.675.1705	

Your NRS Representative .1.800.793.4401 (Option 5)
The Authority SAVER Line1.800.793.4401
On the Webwww.kentuckydcp.com

*The Federated Kaufmann Fund (Class K)

How the Spectrum is organized

The Spectrum is designed to help you compare, at a glance, the type of investments – and the relative risk and return potential – of each of the investment options available. The options are listed from the most conservative (on the left side) to the most aggressive (on the right side).

The pie charts at the top of the page describing the funds, reflect an asset allocation approach developed by Ibbotson Associates.

The pie charts at the bottom of the page represent a life cycle approach to asset allocation. These Fidelity Freedom Funds automatically adjust their investments to a more conservative mix as you approach your targeted retirement date, so that your need to make asset allocation decisions or constantly monitor your investment strategy may be reduced.

Asset allocation is a rational strategy for investment selection. Simply put, it is the process of diversifying your investment dollars across different asset classes. It enables you to maximize your return potential while reducing your risk. The Authority has an Asset Allocation Questionnaire available to help you determine your personal investor profile. Please call 1.800.542.2667 to request a Questionnaire.

Ibbotson Associates uses a broad approach to diversify holdings across six general asset classes, which include combinations of different types of stock investments, bonds and cash equivalents. It can help you determine your investment strategy if you are uncertain where and how you want to invest. You can then implement your asset allocation strategy by selecting funds from the Spectrum to create a portfolio that matches your investor profile.

Conservative funds have the lowest risk of losing value in the short term, but also tend to have less return potential over longer periods of time. Conservative investments are typically short-term obligations that pay regular interest, such as money markets, certificates of deposit and U.S. treasuries.

Moderately Conservative funds often invest in a combination of bonds and common stocks. They typically emphasize current income with some long-term growth. Investment options in this category have some short-term risk and the potential for good long-term gain.

Moderate funds have more risk than short-term investments, but may still include some types of investments that help moderate their overall risk. For example, many moderate investments include a mix of bonds and other short-term investments with stock investments, which have more short-term risk but more growth potential in the long term.

Moderately Aggressive funds invest in companies that are in the development phase and may pay small dividends. They usually have a notable short-term risk and potential for outstanding long-term performance.

Aggressive funds invest mostly in stocks, which may rise or fall in the short term, but have historically produced the highest long-term returns.



SECURING A
BETTER
TOMORROW

Kentucky Deferred Compensation

Spectrum of Investment Options

A brief description of the investment options available to you through the Kentucky Public Employees' Deferred Compensation Authority

The Kentucky Public Employees' Deferred Compensation Authority
105 Sea Hero Road, Suite 1
Frankfort, KY 40601-8862

1.800.542.2667

Here's the information you requested!

1.800.793.4401 (SAVER) www.kentuckydcp.com

Kentucky Deferred Compensation Spectrum of Investment Options

Effective August 25, 2003

Risk-Based Asset Allocation Models

Risk-based asset allocation models can help make investment decisions easier for participants by allowing them to invest at various risk levels. This asset allocation program was developed in order to assist participants in identifying their individual risk tolerance level and time-horizon, and then to make available portfolios that will seek to maximize potential total return based on levels of risk. This program was designed in cooperation with Ibbotson Associates, a leading financial consulting firm known for their research in asset allocation theories. The use of asset allocation does not guarantee returns or insulate you from potential losses.

CONSERVATIVE



MODERATELY CONSERVATIVE



MODERATE



MODERATELY AGGRESSIVE



AGGRESSIVE



Risk Level	ConservativeModerately ConservativeModerateModerately AggressiveAggressive																					
Asset Class	Fixed Income/Cash	Bonds			Large-Cap Stocks				Mid-Cap Stocks			Small-Cap Stocks ²			International Stocks ³		Specialty/Sector Fund ⁴					
Category	Stable Value	Short Government	Intermediate-Term Bond	High Yield	Large Value	Large Blend	Large Blend	Large Growth	Mid-Cap Value	Mid-Cap Growth	Mid-Cap Growth	Small-Cap	Small-Cap	Small Company	World Stocks	Foreign Stocks	Technology					
Objective	Stable Income	Short-Term Treasury	Index	Intermediate Term Low Quality	Equity Income	Index	Growth	Growth	Value	Growth	Growth	Value	Index	Growth	Large Growth	Large-Cap Blend	Large-Cap Growth					
Fund Name	Fixed Contract Fund 3	Federated U.S. Government Securities Fund: 2 – 5 years (Institutional) ⁵	Vanguard Total Bond Market Index Fund (Admiral Shares)	Neuberger Berman High Income Fund (Investor Class) ⁶	Fidelity Equity Income Fund	Vanguard Institutional Index Fund (S&P 500)	Fidelity Magellan Fund	MFS Massachusetts Investors Growth Stock Fund (Class A)	One Group Mid-Cap Value Fund (Class A)	T. Rowe Price Mid-Cap Growth Fund	Franklin Small-Mid-Cap Growth Fund (Class A)	American Century Small-Cap Value Fund (Investor Class)	Dreyfus Small-Cap Stock Index Fund	INVESCO Small Company Growth Fund (Investors Class)	Janus Worldwide Fund	Putnam International Growth Fund (Class A)	Janus Global Technology Fund					
Description	Seeks a consistent level of current income while preserving investment principal. Consists of high quality investment contracts issued by insurance companies, banks and other financial institutions. The fund directly owns the underlying fixed income securities. Participants can earn a blended rate of return, net of any fees, based on the interest rates earned by the fund's investments.	Seeks current income through a portfolio of U.S. government and federal agency securities maturing in five years or less. (Targets 2 – 5 year average maturity range.)	Seeks to match the performance of the Lehman Brothers Aggregate Bond Index, a broad market-weighted index that encompasses U.S. Treasuries, investment grade corporate bonds, international bonds and mortgage-backed securities.	Seeks high current income by investing in a diversified portfolio of U.S. intermediate-term high yield corporate bonds category BBB/Baa or lower (including those sometimes referred to as “junk bonds”) with maturities of 10 years or less.	Seeks reasonable income with the potential for capital appreciation. Invests primarily in income-producing stocks with a yield higher than the composite yield on the stocks in the S&P 500 Index, with the remainder in convertible debt obligations.	Seeks to match the investment performance of the S&P 500 Index, an index emphasizing large-capitalization stocks.	Seeks capital appreciation by investing primarily in common stocks and convertible securities of domestic corporations (operating inside and outside the United States), and foreign companies of all sizes that offer potential for growth.	Seeks long-term growth of capital and future income, by investing primarily in common stocks or convertible securities of companies with above-average prospects for long-term growth. A portion of the fund's (no more than 50%) assets may be invested in foreign securities.	Seeks capital appreciation by investing mainly in stocks of companies with below-market price-to-earnings ratios and market capitalizations of \$500 million to \$10 billion.	Seeks long-term capital growth by investing in common stocks of mid-cap companies with above-average growth potential. These companies generally have a market capitalization that falls within the range of the companies in the S&P Mid-Cap 400 Index.	Seeks capital appreciation by investing in small-mid cap companies. The fund seeks to invest at least one-third of its assets in companies with a capitalization of \$8.5 billion or less.	Seeks long-term capital growth; income is a secondary objective. The fund normally invests at least 65% of assets in equity securities of U.S. companies with small market capitalizations. It may invest in foreign securities, convertible securities, corporate and government debt, and non-leveraged stock index futures contracts.	Seeks to match the investment results of the Standard & Poor's Small Cap 600 Index. The fund normally invests in at least 80% of assets in the stocks that comprise the index (in the same percentages as represented in the index) and stock-index futures.	Seeks capital appreciation by investing at least 65% of its assets in stocks of companies with market capitalizations of less than \$1 billion.	Seeks long-term growth consistent with preservation of capital, by investing primarily in common stocks of U.S. and foreign companies – usually at least five different countries.	Seeks capital appreciation by investing at least 65% of assets in equity securities of companies located outside of the United States. It may invest in companies of any size that it judges to be in a strong growth trend or that it believes to be under- valued. It may invest in both developed and emerging markets.	Seeks long-term capital appreciation by investing at least 65% of its assets in stocks of foreign and U.S. companies that may benefit from advances or improvement in technology.					
Ticker Symbol	No Symbol	FIGTX	VBTLX	NBHIX	FEQIX	VINIX	FMAGX	MIGFX	OGDIX	RPMGX	FRSGX	ASVIX	DISSX	FIEGX	JAWWX	POVSX	JAGTX					
SAVER Number	5323	3448	8964	6436	3374	8464	3624	5301	7142	7736	7816	8917	3775	5214	5268	7819	5280					
Asset Class	Fixed Income/Cash	Bonds		Balanced	Large-Cap Stocks				Mid-Cap Stocks			Small-Cap Stocks ²			International Stocks ³		Specialty/Sector Fund ⁴					
Category	Money Market ¹	Intermediate Government	Intermediate-Term Bond	Moderate Allocation	Large Blend	Large Blend	Large Growth	Large Growth	Mid-Cap Blend	Mid-Cap Growth		Small-Cap	Small Company		Foreign Stocks	Foreign Stocks						
Objective	Current Income	Intermediate-Term Mortgage	Long-Term High Quality	Balanced	Growth	Growth	Growth	Aggressive Growth	Index	Growth		Blend	Growth		Large Value	Small Growth						
Fund Name	Federated Prime Obligations Money Market Fund (Institutional)	Vanguard GNMA Fund (Admiral Shares)	Vanguard Long-Term Corporate Bond Fund (Admiral Shares)	Vanguard Wellington Fund (Admiral Shares)	Davis New York Venture Fund (Class A)	Fidelity Contrafund	Fidelity Growth Company Fund	Putnam Voyager Fund (Class A)	Vanguard Mid-Cap Index Fund (Admiral Shares)	Federated Kaufmann Fund (Class K)		Neuberger Berman Genesis Fund (Trust Class)	Brown Capital Management Small Company Fund (Institutional Class)		Templeton Foreign Fund (Class A)	Federated International Small Company Fund (Class A)						
Description	Seeks to provide current income consistent with stability of your principal, by investing in commercial paper, certificates of deposit and obligations issued or guaranteed by the U.S. government.	Seeks current income, consistent with safety of principal and liquidity. Normally invests at least 80% of its assets in GNMA certificates, which are mortgage-backed securities representing part ownership of a pool of mortgage loans.	Seeks high current income and maintenance of principal and liquidity through a diversified portfolio of long-term investment-grade bonds.	Seeks to provide conservation of principal, reasonable income return, and profits without undue risk, by investing in bonds and common stocks (normally 60% - 70% in common stocks).	Seeks capital appreciation by investing primarily in stocks of companies it believes are well-managed and underpriced, with long-term growth potential.	Seeks capital appreciation. The fund investing in securities of companies with valuable fixed assets. It also seeks securities it considers undervalued in relation to the issuer's assets, earnings or growth potential.	Seeks capital appreciation investing primarily in common stocks and convertible securities of companies with above-average growth characteristics, most often sought in smaller, lesser known companies.	Seeks capital appreciation by investing primarily in "growth" stocks of companies whose earnings are likely to grow faster than the economy as a whole. This fund may invest in companies of any size.	Seeks to parallel the performance of the S&P Mid Cap 400 Index by investing in each stock found in the index, in essentially the same proportion as represented in the index. It may also invest in stock futures and options, contracts, warrants, convertible securities and swaps.	Seeks to provide capital appreciation (growth in share price) by investing in common stocks of small and medium-sized companies.		Seeks capital appreciation by investing primarily in common stocks of small cap and mid cap companies with a total capitalization of under \$1.5 billion. It invests in companies whose stocks appear underpriced, with a strong potential for growth.	Seeks capital appreciation by investing in companies that are undervalued in relation to their growth prospects. It normally invests at least 70% of assets in equities issued by companies with total operating revenues of \$250 million or less.		Seeks long-term growth of capital by investing primarily in stocks and debt securities of companies and governments outside of the U.S. It can invest in all types of securities in any foreign country, developed or underdeveloped. It generally invests up to 25% of assets in foreign debt securities.	Seeks capital appreciation by investing at least 65% of its assets in stocks of foreign companies with market capitalizations of less than \$1.5 billion.						
Ticker Symbol	POIXX	VFIJX	VWETX	VWENX	NYVTX	FCNTX	FDGRX	PVOYX	VIMAX	KAUFX		NBGEX	BCSIX		TEMTX	ISCAX						
SAVER Number	3450	8240	8939	8957	6451	3268	3347	7820	8685	4211		6432	2701		7812	3446						
Life Cycle Asset Allocation Funds	Fidelity Freedom Funds These funds invest in a diversified portfolio of well-established Fidelity funds in proportions that are appropriate to the designated retirement date. The closer to the target retirement date, the more conservative the investment mix of equity, bond funds and money market funds become. Key to Fidelity Freedom Funds investment mix: ■ Domestic Equity ■ International Equity ■ Bonds ■ Money Market			 The Fidelity Freedom Income Fund Ticker: FFEAX SAVER #: 2776 Seeks high current income, and, as a secondary objective, capital appreciation. The Fund invests in a combination of underlying Fidelity money market, bond and equity funds, and allocates its assets among these funds according to a stable asset allocation strategy designed for investors already in retirement.				 The Fidelity Freedom 2010 Fund Ticker: FFFCX SAVER #: 2757 Seeks high total return by investing in a combination of underlying Fidelity money market, bond and equity funds, and allocates its assets among these funds according to an asset allocation strategy. Upon reaching its target date, continues becoming more conservative for 5-10 years until the asset mix is approximately the same as the Fidelity Freedom Income Fund. Ultimately, the funds will merge. Targeted to investors expected to begin the receipt of retirement benefits around the year 2010.				 The Fidelity Freedom 2020 Fund Ticker: FFFDX SAVER #: 2759 Seeks high total return by investing in a combination of underlying Fidelity money market, bond and equity funds, and allocates its assets among these funds according to an asset allocation strategy. Upon reaching its target date, continues becoming more conservative for 5-10 years until the asset mix is approximately the same as the Fidelity Freedom Income Fund. Ultimately, the funds will merge. Targeted to investors expected to begin the receipt of retirement benefits around the year 2020.				 Fidelity Freedom 2030 Fund Ticker: FFFEX SAVER #: 2761 Seeks high total return by investing in a combination of underlying Fidelity money market, bond and equity funds, and allocates its assets among these funds according to an asset allocation strategy. Upon reaching its target date, continues becoming more conservative for 5-10 years until the asset mix is approximately the same as the Fidelity Freedom Income Fund. Ultimately, the funds will merge. Targeted to investors expected to begin the receipt of retirement benefits around the year 2030.				The asset categories above are subject to change, and the Authority makes no representation or assurance that a fund's asset category will stay the same over time. View this information online at www.kentuckydcp.com		

This is neither an offer to sell, nor a solicitation to buy securities. Any comparisons should recognize the differences in each company's investment policies and objectives. Mutual funds do not guarantee investment principal and/or investment returns. There is no guarantee that the investment objective of any fund will be achieved. Investment return and principal value will fluctuate, so that an investor's shares, when they are redeemed, may be worth more or less than their original cost. Categories are determined by Nationwide Financial. This report provides an illustration of the comparisons available from these sources. Its use for other purposes is authorized only when preceded or accompanied by the applicable prospectuses that give the charges, expenses and other pertinent information.

For more complete information about any of the investment options available, including all charges and expenses, please consult fund prospectus(es). These can be obtained by calling 1-800-542-2667. Please read carefully before investing any money.

¹ An investment in a money market underlying fund is not insured or guaranteed by the FDIC or any other government agency. Although the money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the money market.

² Small company funds involve increased risk and volatility.

³ International investing involves additional risk including: political instability, currency fluctuations, and foreign regulations.

⁴ Since these funds focus their investments on companies involved in one specific sector, they may involve a greater degree of risk than an investment with greater diversification.

⁵ While the fund invests primarily in securities of the U.S. Government and its agencies, the fund's value is not guaranteed by these entities.

⁶ High yield funds are typically subject to greater risk and price volatility than funds which invest in higher-rated debt securities.